



Government
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Office of the
Taxpayers' Ombudsperson

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December 10, 2021

MEMORANDUM FOR THE MINISTER

**OFFICE OF THE TAXPAYERS' OMBUDSPERSON'S SYSTEMIC EXAMINATION
INTO CONCERNS EXPRESSED BY CERTAIN MUSLIM-LED CHARITIES**

(For information)

SUMMARY

This memorandum is to provide you with an update on the Office of the Taxpayers' Ombudsperson's (OTO) systemic examination into concerns expressed by certain Muslim-led charitable organizations about their treatment by the Canada Revenue Agency (CRA).

TIMEFRAME

A further update on the progress of the systemic examination will be provided to you by June 1, 2022.

BACKGROUND

On July 22, 2021, during your participation at the National Summit on Islamophobia, you committed to addressing concerns expressed by some Muslim-led charities about their treatment by the CRA. As part of your commitment, you asked me to open a systemic examination to look into these concerns, and to engage other charitable organizations led by racialized communities about their experiences with the CRA.

You specifically asked me to pay special attention to the concerns related to the selection of files for audits by the CRA's Review and Analysis Division (RAD), the quality of services provided to these organizations, and the efforts made by the CRA to make its employees aware of the unconscious biases that they could foster and that would help perpetuate discriminatory behaviour toward charities run by racialized communities. You also requested that I give you an update on the examination by January 1, 2022.

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To date, our Office has taken the following steps in the examination:

- Formed a dedicated Special Ombudsperson Response Team (SORT) comprised of experienced OTO employees, to lead the examination;
- Ensured that the SORT members successfully completed at least one training course on unconscious bias;
- Held two meetings with senior CRA officials of the Charities Directorate, including the RAD, where we were provided with an overview of the work they do and discussed the scope of your request;
- Analyzed various reports, articles, and other information in the public domain that discuss the issues;
- Met with almost a dozen non-profit organizations, including registered charities, to give them an opportunity to share their experiences, perspectives and their views about this examination;
- Requested information from the CRA, including copies of the relevant policies, procedures and guidelines related to the Charities Directorate and RAD, as well as information and statistics on charity audits;
- Working on finalizing a dedicated webpage about the systemic examination for the OTO's website, to be launched in January 2022, which will include an online survey to solicit feedback from the charitable sector and Canadians about their service experiences with the CRA's Charities Directorate; and
- Developed a communications plan, including a news release and planned promotion on our social media accounts, to announce the launch of our new webpage and survey in January 2022, and to solicit formal interviews with our Office later in February and March 2022.

During our recent preliminary engagements with external stakeholders, several organizations described their experiences or those of others, in which they suggest the RAD did not respect the service rights outlined in the Taxpayer Bill of Rights.

Specifically, many stakeholders allege that the CRA's audit process can span years with no decision, enforcement action is not consistent and they feel they are treated arbitrarily or unfairly, and the process is intrusive and extensive, resulting in the cost of compliance being extremely high. We have also met stakeholders who were quite comfortable with RAD and its proceedings, so not all of the stakeholders were of the same views.

Our Office will continue to review the allegations, and any new feedback we receive, as part of the examination.

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CONSIDERATIONS

I welcome your decision to entrust me and my Office with this important systemic examination, and we are fully committed to reviewing the issues carefully and thoughtfully. However, as your request that I open the examination was unexpected, it has been challenging to allocate a sufficient number of OTO staff members from the get go to form the SORT.

As you know, since the beginning of the pandemic, my Office has received a high volume of complaints related to COVID-19 benefits, many with urgent compelling situations, which resulted in persistent human resource pressures in the OTO. The additional temporary funding for my Office that you approved is much appreciated, and as we are still faced with challenging HR issues to find appropriate staff or even contractual help, we have only just begun to use some of the funding to employ staff for this systemic examination.

NEXT STEPS

Once our Office receives the material we requested from the CRA, we will thoroughly review it and may refer follow-up questions or seek clarification. By gaining a better understanding of the policies and procedures governing how the CRA conducts charity audits, including the selection of audit files, and analyzing the statistics, we will be better positioned to identify possible service issues experienced by charities.

The federal election announcement delayed our external engagement with the charitable sector, in adherence with the caretaker convention. However, as mentioned, we have since met with several charitable organizations and expect to continue meeting with more. In particular, we are optimistic that our January 2022 news release will reach a nation-wide audience and will result in charities completing our survey and even more of them sharing their perspectives with us. This survey will also permits us to conduct more focused interviews later on.

CONCLUSION

Our Office will continue to examine the issues and engage with stakeholders and the CRA. Given the depth and breadth of the issues, our research thus far, the volume of material we requested from the CRA, and our goal to approach the examination carefully and sensitively, I foresee that the examination will take at least another 12 months.

I will provide you with a further update on our progress by June 1, 2022, at which time I anticipate being able to provide you with more information about when the final report will be published.

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Should you require additional information, please do not hesitate to contact me at 613-884-5004.

A handwritten signature in black ink, appearing to read 'François Boileau', enclosed within a thin black rectangular border.

François Boileau
Taxpayers' Ombudsperson

DISCLOSED
PURSUANT TO
THE ATIA
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